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CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 711**

**Introduced by Assembly Member Correa**  
(Principal coauthor: Senator Burton)  
(Coauthor: Assembly Member Koretz)

February 19, 2003

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An act to amend Sections 94802 and 94905 of, and to add Sections 94735.7 and 94740.1 to, the Education Code, relating to private postsecondary education.

### LEGISLATIVE COUNSEL'S DIGEST

AB 711, as amended, Correa. Private postsecondary education: Private Postsecondary and Vocational Education Reform Act of 1989.

Existing law, known as the Private Postsecondary and Vocational Education Reform Act of 1989, generally sets minimum standards of instructional quality, ethical and business practices, health and safety, and fiscal responsibility for private postsecondary and vocational

educational institutions, as defined. The act establishes the Bureau for Private Postsecondary and Vocational Education, which, among other things, is required to review and investigate all institutions, programs, and courses of instruction approved under the act. Numerous terms are defined for the purposes of the act, including “non-WASC regionally accredited institution,” which is a degree-granting institution that is accredited by one of 4 designated regional accrediting agencies.

This bill would define “nationally accredited institution” to mean an institution that provides a degree, diploma, or certificate, and that is accredited by a recognized national institutional accrediting body. The bill would recast and revise the standards for approval of a non-WASC regionally accredited institution to issue degrees, diplomas, or certificates, and would subject the approval of a nationally accredited institution to issue degrees, diplomas, or certificates to the same standards that govern the approval of a non-WASC regionally accredited institution in that context. In this regard, the bill would make distinctions relating to institutions incorporated in another state and further distinctions relating to whether an institution grants degrees. The bill would revise the exemption from financial responsibility requirements under these standards.

The bill would define “recognized national institutional accrediting body” to mean an institutional accrediting agency that is recognized by the United States Department of Education pursuant to a specified provision of federal law as a reliable authority as to the quality of education and training offered by postsecondary educational institutions, and the scope of the recognition of which is not limited to a specific region of the United States. The bill would specify 5 bodies to which this definition would be limited.

The bill would exempt nationally accredited institutions and non-WASC nationally accredited institutions that meet prescribed standards from being required to apply to the bureau to issue degrees, diplomas, or certificates that were not previously included in the bureau’s approval to operate these institutions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 94735.7 is added to the Education Code,  
2 to read:



1 94735.7. “Nationally accredited institution” means an  
2 institution that provides a degree, diploma, or certificate, and that  
3 is accredited by a recognized national institutional accrediting  
4 body.

5 SEC. 2. Section 94740.1 is added to the Education Code, to  
6 read:

7 94740.1. (a) “Recognized national institutional accrediting  
8 body” means an institutional accrediting agency that is recognized  
9 by the United States Department of Education pursuant to Section  
10 496 of the federal Higher Education Act of 1965, as it is amended  
11 from time to time, as a reliable authority as to the quality of  
12 education and training offered by postsecondary educational  
13 institutions, and the scope of the recognition of which is not  
14 limited to a specific region of the United States.

15 (b) Recognized national institutional accrediting bodies,  
16 within the meaning of this section, are limited to the following  
17 bodies:

18 (1) The Accrediting Council for Independent Colleges and  
19 Schools (ACICS).

20 (2) The Accrediting Commission of Career Schools and  
21 Colleges of Technology (ACCSCT).

22 (3) The Accrediting Council for Continuing Education and  
23 Training (ACCET).

24 (4) The Distance Education and Training Council (DETC).

25 (5) Accrediting Bureau of Health Education Schools  
26 (ABHES).

27 SEC. 3. Section 94802 of the Education Code is amended to  
28 read:

29 94802. (a) Each institution desiring to operate in this state  
30 shall make application to the bureau, upon forms to be provided  
31 by the bureau. The application shall include, as a minimum, at least  
32 all of the following:

33 (1) A catalog published, or proposed to be published, by the  
34 institution containing the information specified in the criteria  
35 adopted by the bureau. The catalog shall include specific dates as  
36 to when the catalog applies.

37 (2) A description of the institution’s placement assistance, if  
38 any.

39 (3) Copies of media advertising and promotional literature.

(4) Copies of all student enrollment agreement or contract forms and instruments evidencing indebtedness.

(5) The name and California address of a designated agent upon whom any process, notice, or demand may be served.

(6) The information specified in Section 94808.

(7) The institution's most current financial report as described in Section 94806.

(8) An application submitted by a nationally accredited institution, as defined in Section 94735.7, or a non-WASC regionally accredited institution, as defined in Section 94740.5, shall include a copy of the certificate of accreditation issued by a recognized national institutional accrediting body, as defined in Section 94740.1, or a non-WASC regional accrediting agency, as defined in Section 94740.3, as appropriate.

(b) Each application shall be signed and certified under oath by the owners of the school or, if the school is incorporated, by the principal owners of the school (those who own at least 10 percent of the stock), or by the corporate officers or their designee.

(c) Following review of the application and any other further information submitted by the applicant, or required in conformity with Article 8 (commencing with Section 94900) and Article 9 (commencing with Section 94915), and any investigation of the applicant as the bureau deems necessary or appropriate, the bureau either shall grant or deny approval to operate to the applicant.

SEC. 4. Section 94905 of the Education Code is amended to read:

94905. (a) (1) Any non-WASC regionally accredited institution, as defined in Section 94740.5, that is incorporated in another state, and any nationally accredited institution, as defined in Section 94735.7, that maintains its accredited status throughout the period of a student's course of study, and that is approved by the bureau to operate, may issue degrees, diplomas, or certificates pursuant to this section.

(2) A non-WASC regionally accredited institution or nationally accredited institution that is approved to operate, is subject to the requirements of this chapter, except as provided in this section.

(b) A non-WASC regionally accredited institution or nationally accredited institution that is approved to operate shall not be required to apply to the bureau to issue degrees, diplomas,

1 or certificates that were not previously included in its approval to  
2 operate if the institution complies with all of the following  
3 requirements:

4 (1) The institution meets the financial responsibility  
5 requirements set forth in paragraphs (1) and (3) of subdivision (a)  
6 of, and in subdivision (b) of, Section 94804.

7 (2) The institution has not been held to have violated any  
8 section of Article 6 (commencing with Section 94800) or Article  
9 7 (commencing with Section 94850) in any legal proceeding  
10 determining liability or by the Director of Consumer Affairs  
11 within three years before notifying the bureau pursuant to  
12 subdivision (c).

13 (3) The institution pays its fees as required by Article 10  
14 (commencing with Section 94932) and Article 12 (commencing  
15 with Section 94944).

16 (4) For nondegree granting institutions, as well as  
17 degree-granting institutions to the extent they are required to  
18 comply with the placement and completion requirements of  
19 Section 94854 pursuant to paragraph (2) of subdivision (a) of  
20 Section 94790, the institution's reported completion rate is at least  
21 60 percent and its reported placement rate is at least 70 percent,  
22 calculated in accordance with Section 94854, and as set forth in the  
23 institution's annual report submitted to the bureau pursuant to  
24 Section 94808, within one calendar year prior to the date the  
25 bureau receives notice of the additional degree, diploma, or  
26 certificate program pursuant to subdivision (c).

27 (5) The institution has reported to the bureau the existence and  
28 nature of all legal proceedings that are instituted against it within  
29 three years before notifying the bureau pursuant to subdivision (c)  
30 that allege violations of this chapter or of the federal Higher  
31 Education Act of 1965 (20 U.S.C. Secs. 1001 et seq.).

32 (6) (A) The additional degree program is represented to lead  
33 to an occupation that requires skills or work activities reasonably  
34 related to those required by occupations included in a "minor  
35 group" of the Standard Occupational Classifications of the Bureau  
36 of Labor Statistics of the United States Department of Labor, and  
37 that also includes an occupation to which at least one existing  
38 degree program offered in California by the institution and  
39 approved by the bureau is represented to lead.

1 (B) The additional diploma or certificate program is  
2 represented to lead to an occupation that requires skills or work  
3 activities reasonably related to those required by occupations  
4 included in a “minor group” of the Standard Occupational  
5 Classifications of the Bureau of Labor Statistics of the United  
6 States Department of Labor, and that also includes an occupation  
7 to which at least one existing diploma or certificate program  
8 offered in California by the institution and approved by the bureau  
9 is represented to lead.

10 (c) At least 30 days before offering a degree, diploma, or  
11 certificate program, a non-WASC regionally accredited institution  
12 and a nationally accredited institution shall notify the bureau of the  
13 intended addition of a degree, diploma, or certificate program that  
14 was not included in the institution’s initial or renewal application.  
15 Along with that notification, the *nationally accredited* institution  
16 shall provide documentation of the accrediting agency’s approval  
17 of the additional degree, diploma, or certificate program. The  
18 non-WASC regionally accredited institution or the nationally  
19 accredited institution shall provide a copy of its most recent  
20 Integrated Postsecondary Education Data System Report of the  
21 United States Department of Education and its most recent annual  
22 report to its recognized institutional accrediting body. In addition,  
23 the owner or owners of the school or, if the school is incorporated,  
24 the principal owners of the school (those who own at least 10  
25 percent of the stock) or corporate officers or their designee, shall  
26 sign the notification and certify under oath that the institution  
27 satisfies all of the requirements set forth in subdivision (b).

28 (d) In addition to any other grounds authorized by any other  
29 provision of this chapter, a non-WASC regionally accredited  
30 institution or nationally accredited institution that is approved to  
31 operate shall be subject to disciplinary action by the bureau if the  
32 institution loses its accreditation or federal financial aid eligibility.

33 (e) A non-WASC regionally accredited institution approved to  
34 operate pursuant to this section is exempt from the requirements  
35 of Sections 94900 and 94901, Article 9 (commencing with Section  
36 94915), and Article 9.5 (commencing with Section 94931), except  
37 for the applicable financial responsibility requirements referenced  
38 by paragraph (2) of subdivision (b) of Section 94804. Any  
39 non-WASC regionally accredited institution that is not approved

1 to operate pursuant to this section may apply for approval to  
2 operate pursuant to Sections 94900 and 94901.

3 (f) Any nationally accredited institution that meets the  
4 requirements of subdivisions (b) and (c), and intends to offer a new  
5 degree, diploma, or certificate program, is exempt from having to  
6 submit any documentation other than that required by subdivision  
7 (c) or from having to obtain approval to offer the new degree,  
8 diploma, or certificate program from the bureau pursuant to  
9 Section 94915. Any nationally accredited institution that is not  
10 approved to offer a new degree, diploma, or certificate program  
11 pursuant to this section may apply for approval to offer a new  
12 degree, diploma, or certificate program pursuant to Section 94915.

13 (g) With respect to any degree, diploma, or certificate program  
14 approved pursuant to this section, the bureau may initiate any  
15 proceeding authorized by this chapter, including a proceeding  
16 alleging failure to meet any of the standards set forth in Section  
17 94900 or 94915, whichever is applicable. Notwithstanding any  
18 other provision of this chapter, if the bureau initiates a proceeding  
19 within one year after the bureau has received notice of the degree,  
20 diploma, or certificate program pursuant to subdivision (c), the  
21 proceeding, unless the bureau initiates an emergency action, shall  
22 be governed by the procedures set forth in Section 94975 or,  
23 alternatively, in Section 94980. If the bureau initiates any  
24 emergency action, that proceeding shall be governed by Section  
25 94970.

26 (h) The bureau shall annually include, in the report it prepares  
27 pursuant to Section 94995, its findings and recommendations  
28 relative to institutions that have secured programmatic approval  
29 pursuant to this section.

